

Charity Registration No. 307024

Company Registration No. 00543113 (England and Wales)

**FARNEY CLOSE SCHOOL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

# FARNEY CLOSE SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

S Burt  
J E Bowry  
S Deane  
M Gibrill  
C Johns  
N M S G Bartholomew (Appointed 19 August 2020)  
B C Robinson (Appointed 5 October 2020)  
S T Lashley (Appointed 14 February 2021)

### Charity number

307024

### Company number

00543113

### Registered office and Principal address

Bolney Court  
Crossways  
Bolney  
Haywards Heath  
West Sussex  
RH17 5RD

### Auditor

TC Group  
The Courtyard  
Shoreham Road  
Upper Beeding  
Steyning  
West Sussex  
BN44 3TN

### Accountant

Moore (South) LLP  
9st Johns Place  
Newport  
Isle of Wight  
PO30 1LH

### Bankers

NatWest Bank Plc  
1 Muster Green  
Haywards Heath  
West Sussex  
RH16 4AP

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# **FARNEY CLOSE SCHOOL LIMITED**

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# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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Farney Close School is an independent residential special school with charitable status for boys and girls aged 9 to 18, who have Social, Emotional and Mental Health needs (SEMH). The school also supports young people whose wellbeing is affected by Autism, Asperger or Tourette's Syndrome, moderate learning difficulties, dyslexia or moderate speech and language difficulties.

The Trustees present their report and the audited financial statements of the Charity for the year ended 31 August 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity. This report meets the requirements for the Directors and Strategic Report, as required by Company Law.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's articles of association.

#### **STRATEGIC REPORT: OBJECTIVES, AIMS AND ACTIVITIES**

Our key objectives are to:

- Provide an academic, vocational and socially supportive framework that enables young people to achieve economic wellbeing, and to be able to make a positive contribution to their family, the local community and to society in general.
- Promote a positive sense of personal wellbeing amongst young people.
- Provide young people with a full entitlement to the National Curriculum and a range of examination subjects and at a level that match their abilities and intellectual/cognitive capacity.
- Provide young people with a package of care that supports and develops their emotional maturity and social needs.
- Provide young people with a range of vocational opportunities to support a successful transition into the work-related environment
- Maintain the sustainability of the school through:
  - Positive inspection and monitoring reports,
  - Managed, responsible fee setting,
  - High quality resources and accommodation,
  - Quality staff training,
  - Conducting quality assurance exercises and maintain appropriate data to inform planning.

#### **Our Ethos, Strategy and Policies**

The charity aims to meet its objectives by carrying out its activities in line with the following policies and strategies.

#### **Anti-discrimination and Equality**

Provided they have an Education, Health & Care Plan, Farney Close is open to young people who are referred by their Local Authority.

We are an equal opportunity organisation, committed to a working environment that is free from any form of discrimination as identified in the Equality Act 2010. We will make reasonable adjustments to meet the needs of staff or young people who are, or may become, disabled. Since the inception of the Equality Act 2010 the school reviews its compliance in this area of legislation annually.

#### **Public Benefit**

In setting our objectives and planning our activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing academic, social education and on fee-charging.

#### **Safeguarding**

The school continues to be committed to safeguarding and promoting the welfare of its young people. This focus is shared by all Directors and staff. As part of this, the school's designated Child Protection Officers undertake regular statutory training to support their duties. All members of staff are trained in the school's Child Protection Procedure, as defined within the guidance set by the Local Safeguarding Team, with annual refreshers.



# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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A Safeguarding and Well Being team is in place and consists of a Designated Safeguarding Lead (Principal & DSL), two Deputy Designated Safeguarding Leads (Head of Care and the Schools Social Worker), A Safeguarding Governor representative (an Ex Head of Care) and support team (The Schools SENCO, School Nurse, Vice Principal and the Referrals and Inclusion Officer). This team meets weekly to look at the Safeguarding and Wellbeing of the school young people and employees.

The school has a now embedded process of recording all Safeguarding concerns, along with all incidents, on our Management Information System - CPOMs. This enables us to record, track and reflect on all incidents and clearly recorded the follow up on all recordings.

The school continues to operate a behaviour approach in a structured manner with clear boundaries and expectations of behaviour in place. Alongside this, therapy and counselling play a vital part in the work that we do. Our SEND team has increase over the last couple of years and plays a vital part in both the academic and social progress of all young people.

We celebrate diversity throughout the year and maintain our Rainbow Flag Award as part of this. Incidents of bullying are kept to a minimum by vigilant staff who intervene when it looks as though incidents may occur. All bullying episodes are recorded, and work is undertaken with bullies and the bullied to help them move forward. Weekly culture capital days enable us to not only educate our young people but to also celebrate different cultures.

We run a 24-hour curriculum ensure that our young people are educated throughout the day about how to keep themselves safe, both in person and online. This input is undertaken through formal lessons such as PSHE and Humanities as well as more informally via input from the adults that work with our young people during the evening.

Various opportunities are offered to our young people to ensure that their voice is heard for example Annual Questionnaires, regular meetings with the Link Workers, in therapy or counselling, tutor time, School Forum, annual reviews and House meetings. We ensure that their views are heard and responded to.

### **Training**

Training is a vital part of all staff members ongoing professional development as well as us ensuring that we are able to meet the presenting needs of all of our young people. Over the COVID period it has been difficult to offer and face to face training for our staff team as a group but it has taken place on a one to one in subjects such as staff supervision and appraisals. We have continued our commitment to training by online learning in subjects such as Child Protection Refreshers, The Prevent agenda, Fire Safety, Equal Opportunities, Epilepsy, and Self-Harm.

Over the academic year 2019/20 until COVID struck we had a full schedule of face to face training which has focussed on the subject of Child Protection and Safeguarding. First Aid and Mental Health awareness were also a focus.

We have an Advanced Team Teach Instructor on staff that keep our staff team up to date with all aspects of Team Teach training. All training undertaken by staff members is recorded on a training data base which clearly informs who has accessed which training. A schedule is in place detailing training to occur moving forward.

Policies continue to be created and updated into a new format and a database clearly alerts us to when Policies are due for update. All Policies can be accessed by staff on the schools Management Information System (CPOMs) and most are available to the general public via our newly launched school website.

### **Risk management**

The Board of Trustees has overall responsibility for overseeing risk management and has a robust mechanism in place, with detailed assessment and management of risk delegated to the Senior Management team.

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. These are identified to the board through a risk review procedure and by committees, and an annual action plan put in place.

The most significant financial risk continues that the cost of providing services is not fully matched by the income from fees. The key to meeting the needs of our children is recruiting skilled and empathetic staff, this continues to



# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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be a challenge. However, we know that this is not unique to Farney Close School, but a nationwide issue. Nonetheless, the staff retention levels are remarkably stable which brings with it consistency and supports the young people to be less testing and as a result they show less challenging behaviour.

The Directors worked hard with the existing Leadership team and the focus has been to increase the capacity within the team. All three of the present Senior Management Team have come in place since April 2019 and are now settled into their roles. It should be noted that two of them have worked at the school for some considerable years in different positions to the ones they now hold. The external consultants supported throughout the year and whilst still involved are now spending far less time in school due to recognition from the Directors that the SMT no longer require this level of support.

The Trustees believe that the school is as well placed as any other organisation in our specialised section to tackle risk and to continue to thrive. Our reputation as a provider of specialist care for young people with the higher range of social, emotional and mental health needs is well known within the local authorities that use us. The school values all Farney Close employees and recognises the part that each member of staff plays in ensuring that the whole team work together to meet the complex needs of our young people.

#### **Quality Assurance**

The school continually evaluates progress and looks to quality assurance throughout the year in order to identify areas of strength or deficiency and uses this information to plan and make changes where necessary. This includes gathering data and information on the academic attainment and progress of all young people in order to set targets and measure improvement and progress over time; the introduction of BSquared will ensure that this process is clearer and swifter than our previous assessment process.

Furthermore, we reach out to parents and carers formally once a year and informally (questionnaire) throughout the year to gain their views and comments about what we do well and what we could do better.

The voice of the young person is one that we ensure we listen to. This is undertaken in a variety of means including individually, on their residential house groups, in class tutor time, at reviews of their EHCPs, in annual questionnaires and also via the school forum that meets at least each half term. Multiple examples of change brought about by the voice of the child this year includes menu planning, activity and trip planning, introduction of the Duke of Edinburgh Award, the update of the school gym attached to our sports hall, outdoor gym equipment for the front of the school and scooters being brought for use on and off site.

Despite COVID-19 hampering learning slightly the school's commitment to raising young people's academic attainment and social progress continued, with a clear message of well-being support for all young people, their families and our staff members throughout this very difficult time.

The school Directors have continued to employ an Independent Visitor who visits the school on their behalf, reporting to them every half term on the standard of care and safeguarding. The regular visits reinforce a long and established history of high standards in both these areas. At the start of the new academic year (2020 / 2021) the Governor have employed a School Improvement Partner (SIP) to work with the Principal and further enhance the academic provision within the school. This SIP also undertakes Ofsted Inspections which will further benefit the school.

#### **ACHIEVEMENTS AND PERFORMANCE**

In 2019 – 2020 the following awards were gained at GCSE:

- Maths GCSE saw young people in year 9 and 10 join the year 11s and sat their awards early. All 14 candidates gained level 1 and above with 43% gaining a 4 or above.
  - English GCSE all young people that entered gain a level 1 or above with 75% of those gaining a Level 4 or above.
  - Biology GCSE all young people that entered gained a level 3 or above with 66% of those getting a level 4 or above.
  - Art GCSE all young people that were entered gain a level 3 or above.
  - Design and Technology GCSE all young people that were entered gained a level 3 or above.
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# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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Furthermore the following subjects were passed at entry level by up to 9 of the years 11s in English, Maths and Science with further awards being gained at foundation level for Food, Hospitality, Media, PSHE, Humanities, PE and ICT and Laser Leap awards for 3 young people in Construction and 2 young people in Vehicle Mechanics.

Within the group of thirteen Year 11 leavers, one went onto to an apprenticeship, eight to college whilst living at home and the other four have returned for the schools sixth form where they are supported to attend college outside of school and also have work undertaken with them to increase independence and employability skills. There were three Year 12, two of whom left at the end of the academic year and have gone on to further education courses and one who has stayed for an extra year in our 6<sup>th</sup> form whilst accessing a higher level course at college.

With reference to whole school learning within the cores subject's, Spring 2020 data showed that 64% of young people in English (reading and 59% English (writing) were at their expected level or above, 66% in Science and 73% for Maths. Young people entitled to young people premium payments achieve slight below this whilst Children Looked After as achieving less well. In breaking down this data it is clear Children Looked After needed additional support in Science, an area that is being supported and developed with the new Science teacher. Indicators show however, that for English and Maths, young people are improving throughout the whole school. This data evidenced that only 3 pupils had any lost learning over the initial COVID period with many making progress despite the disruption that COVID brought with it.

We did shut for a short amount of time when COVID sent the country into its first lock-down but we virtually supported the young people with their learning and their mental well-being. Following the Easter break we reopened to Keyworkers children and our most vulnerable and gradually reopened to all our pupils so that by the second half of the summer term we were offering every young person half a week in school and half a week virtual learning. In September 2020 we reopened full time. The Curriculum map has been adjusted to take lost learning into consideration and a fulltime table is being taught.

#### **Community Links and Fund Raising**

The aim is to help young people gain a wider understanding of the needs of others, and to support them to find more opportunities to develop personal empathy, self-awareness and to make a positive contribution to the local community and the world community.

Donations are received by various sources in the guise of books, school equipment and resources for the vocational classrooms. The Fund-raising officer continues to work tirelessly to support the school in being able to offer those extra bits to our pupils that help with their development.

The Wellesley Wealth Advisory are project managing and meeting the costs of a conversion of one of the school's residential units into a Primary School classroom. This will enable the school to open for years 5 and 6 which has already been agreed by the Dfe. We aim to have this up and running by September 2021.

#### **FINANCIAL REVIEW**

##### **Financial Management and Sustainability**

The Directors of the Charity meet regularly to ensure that all safeguards and checks are in place to prevent any risks to the company and to ensure that it complies with the regulations of the Charities Act, and the Companies Act.

An Annual General Meeting is held where Members of the Association hear reports, agree and accept the accounts and, periodically, elect Trustees. When setting school fees, the school accepts its responsibility to work hard and offer value for money for referring Local Authorities. At the same time, it also acknowledges its duty to maintain an appropriately balanced provision for the young people in its care. It is clear that due to the increasingly varied complex needs of the children, that the school needs to broaden the therapeutic care available.

Income is derived from school fees negotiated with sponsoring local authorities and funding bodies. The school's budget is based on the school achieving a set number of young people placed by various funding bodies.

The result of the operating plan for the academic year was a deficit on unrestricted funds of £(199,564) (2019: surplus £126,327), taking unrestricted funds to £4,710,205 (2019: £4,909,769). Of the total funds, £2,493,918 (2019: £2,508,530) was in respect of buildings and fixed assets. Free reserves as the year end (net current assets in unrestricted funds) was stated at £2,216,287 (2019: £2,401,239). The restricted funds decreased by £13,799



# FARNEY CLOSE SCHOOL LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

(2019 - £5,467) as a result of expenditure on equipment. Restricted funds of £25,482 (2019: £39,281) were carried forward.

A total of £51,050 (2019 - £52,866) was invested in fixed assets in the year, on equipment.

The school has always had a cautious investment policy, with investments in short term bank deposits. The return on investments has remained very low in the current financial period. With the on-going concerns around Brexit, the Trustees decided this was not the time to transfer some of the funds into high risk investments.

The charity needs to maintain reserves in order to continue to improve the education and care services provided; and at the same time provide a buffer to cope with the increased uncertainties over pupil numbers and funding. The aim of the next financial year is to secure a new leadership team with the right support to move the school forward with achieving its aims and objectives. The Trustees have always had in mind that the new leadership team will need some room to manoeuvre to achieve their aims and objectives.

#### PROGRESS UPDATE ON 2019 - 20 AIMS:

- We welcomed a new Vice Principal in January 2020. This person is now an embedded part of the Senior Management team.
- All areas in both our education and social care inspections have now been addressed. A further Social Care Ofsted assurance visit in September 2020 identified that all breaches of the national minimum standards from the September 2019 Inspection had been met.
- A full review of the Curriculum has taken place however COVID-19 has halted our progress surrounding increasing the employability skills within our young people.
- The school Business Plan clearly identifies ways to further improve and expand the provision we offer and supports the School Self-Evaluation Form (SEF) which details how we best meet the presenting needs of our client group and areas that we need to further develop.

#### Over the next year, the school aims to:

- Employ an Operation Manager to strengthen and support the Senior Management Team by managing the support services within the school.
- Embed the academic assessment tool called BSquared to enable us to evaluate progress far more efficiently.
- Launch our Primary Provision which is in the process of being renovated.
- Update three of our residential provisions to offer single rooms with on suite bathrooms which will in turn allow us to enhance our Safeguarding of young people during the night-time.
- Embed the role of Referrals and Inclusion Officer and undertake a review of our referral process.
- Use external monitoring to further improve our practice e.g. our newly appointed School Improvement Partner and our Standard 20 visitor who has been working with us for the last two years.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is controlled by its governing document, the Memorandum and Articles of Association, and is constituted as a limited company by guarantee, as defined by the Companies Act 2006.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Trustees	Relevant comments
S Deane	
C Johns	
M Gibrill	
J E Bowry	
S Burt	
S Urwin	Resigned 10 January 2020
M Bowlby	Resigned 2 September 2019
M Bennett	Resigned 18 November 2019
N Bartholomew	Appointed 19 August 2020
B Robinson	Appointed 5 October 2020
S Lashley	Appointed 14 February 2021



# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Recruitment and appointment of new Trustees**

The board of trustees (who are also Directors for the purpose of company law) may appoint trustees if a vacancy arises part way through the year. New trustees are appointed with reference to the members of the Charitable Company and are considered on the basis of their skills and experience.

#### **Induction and training of new Trustees**

Appropriate training is available to all trustees to help develop and enhance the skills which they offer to the School. Suitably qualified new trustees are sought from the 'Members of the Association/Friends of Farney Close' on a regular basis. On appointment, all new trustees are provided with a detailed information pack providing material on both the responsibilities and liabilities of trustees and the school's history. All trustees are encouraged to attend a virtual induction course on "what is Governance" and complete other training offered by the schools various training resources.

#### **Organisational structure**

The trustees are aware of the continuing benefits to the better management of the school which arise from a board of trustees with wide and appropriate knowledge and skills. On appointment, all new trustees are provided with a detailed information pack providing material on both the responsibilities and liabilities of trustees and the school's history.

The trustees meet formally three times a year and if required on an ad hoc basis, to review strategy and performance and to set operating plans and budgets. The trustees are elected by the members at the Annual General Meeting. The board of trustees may appoint trustees if a vacancy arises part way through the year; a trustee appointed in this way must retire at the next Annual General Meeting but can be re-elected. There are sub committees with specific responsibilities for finance and staffing or/and human resources, care, education, maintenance and health and safety, which reports to the board of trustees. The committees meet regularly to ensure all aspects of the school are reviewed and monitored.

Educational matters on a day to day basis are delegated to the Principal, who is supported by the Vice Principal and Head of Care. S Hack was the Acting Head Teacher between September 2018 and April 2019 and appointed Principal on 23 April 2019.

Company secretary A Carrington resigned on 4 December 2020.

#### **What are the schools aims?**

The school's aim is to provide educational and social development opportunities for boys and girls aged 9 -18 who, as of the institution of the Children & Families Act 2014, have an Education, Health & Care Plan for Social, Emotional and Mental Health needs. All young people who attend the school are referred to the school by a range of Local Authorities across the South and South East of England. As part of this we aim to ensure;

"That all young peoples should have the opportunity to receive an education that supports each of them to become the best version of themselves. If this is achieved, then we feel that our young people will have the tools that will enable them to be successful in social and educational environments without feeling isolated, academically or personally marginalised, or to experience a loss of self-esteem."

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare accounts for each financial year. Under that law the trustees have elected to prepare the accounts in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The accounts are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those accounts, the trustees are required to:

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditor**

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware. Additionally, the trustees have taken all necessary steps that they ought to have taken in order to make themselves aware of all relevant audit information, and to establish that the company's auditors are aware of that information.

In approving the Trustees Annual Report, the Trustees also approve the Strategic Report included therein, in our capacity as Company Directors.

This report was approved by the Board of Trustees on 30 April 2021.



**S Deane**  
Trustee



# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FARNEY CLOSE SCHOOL LIMITED**

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#### **Opinion**

We have audited the financial statements of Farney Close School Limited (the 'charity') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF FARNEY CLOSE SCHOOL LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' Report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF FARNEY CLOSE SCHOOL LIMITED**

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#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

**Mark Cummins**  
**(Senior Statutory Auditor)**  
**for and on behalf of TC Group**

**Statutory Auditor**

The Courtyard  
Shoreham Road  
Upper Beeding  
Steyning  
West Sussex  
BN44 3TN

12 May 2021

# FARNEY CLOSE SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Notes							
<b>Income and endowments from:</b>							
Donations and legacies	3	5,819	33,984	39,803	-	23,164	23,164
Charitable activities	4	3,237,363	13,238	3,250,601	3,275,209	11,812	3,287,021
Investments	5	29,688	-	29,688	31,759	-	31,759
Other income	6	371	-	371	300	-	300
<b>Total income</b>		<b>3,273,241</b>	<b>47,222</b>	<b>3,320,463</b>	<b>3,307,268</b>	<b>34,976</b>	<b>3,342,244</b>
<b>Expenditure on:</b>							
Raising funds	7	2,746	-	2,746	9,343	-	9,343
Charitable activities	8	3,481,488	49,592	3,531,080	3,188,868	23,353	3,212,221
<b>Total resources expended</b>		<b>3,484,234</b>	<b>49,592</b>	<b>3,533,826</b>	<b>3,198,211</b>	<b>23,353</b>	<b>3,221,564</b>
<b>Net(outgoing)/incoming resources before transfers</b>		<b>(210,993)</b>	<b>(2,370)</b>	<b>(213,363)</b>	<b>109,057</b>	<b>11,623</b>	<b>120,680</b>
Gross transfers between funds	18	11,429	(11,429)	-	17,270	(17,270)	-
<b>Net (expenditure)/income for the year/</b>							
<b>Net movement in funds</b>		<b>(199,564)</b>	<b>(13,799)</b>	<b>(213,363)</b>	<b>126,327</b>	<b>(5,647)</b>	<b>120,680</b>
Fund balances at 1 September 2019		4,909,769	39,281	4,949,050	4,783,442	44,928	4,828,370
<b>Fund balances at 31 August 2020</b>		<b>4,710,205</b>	<b>25,482</b>	<b>4,735,687</b>	<b>4,909,769</b>	<b>39,281</b>	<b>4,949,050</b>

The statement of financial activities includes all gains and losses recognised in the year.

The allocation of the comparative figure between funds is explained in the notes to these accounts.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.


# FARNEY CLOSE SCHOOL LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	12	1,836,636		1,851,248	
Investment properties	13	657,282		657,282	
		<u>2,493,918</u>		<u>2,508,530</u>	
<b>Current assets</b>					
Debtors	14	1,070,623		905,868	
Cash at bank and in hand		2,518,506		3,021,667	
		<u>3,589,129</u>		<u>3,927,535</u>	
<b>Creditors: amounts falling due within one year</b>	15	(1,149,769)		(1,282,067)	
Net current assets		<u>2,439,360</u>		<u>2,645,468</u>	
<b>Total assets less current liabilities</b>		<u>4,933,278</u>		<u>5,153,998</u>	
<b>Creditors: amounts falling due after more than one year</b>	16	(197,591)		(204,948)	
<b>Net assets</b>		<u>4,735,687</u>		<u>4,949,050</u>	
<b>Income funds</b>					
Restricted funds	18	25,482		39,281	
Unrestricted funds		4,710,205		4,909,769	
		<u>4,735,687</u>		<u>4,949,050</u>	

The financial statements were approved by the Trustees on 30 April 2021, and signed on their behalf.

  
S Deane  
Trustee

Company Registration No. 00543113

# FARNEY CLOSE SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	21		(481,959)		(178,951)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(51,050)		(52,866)	
Proceeds on disposal of tangible fixed assets		160		300	
Interest received		11,337		17,624	
Rent received		18,351		14,135	
<b>Net cash used in investing activities</b>			(21,202)		(20,807)
<b>Financing activities</b>		-		-	
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(503,161)		(199,758)
Cash and cash equivalents at beginning of year			3,021,667		3,221,425
<b>Cash and cash equivalents at end of year</b>			2,518,506		3,021,667



# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **1 Accounting policies**

##### **Charity information**

Farney Close School Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Bolney Court, Crossways, Bolney, Haywards Heath, West Sussex, RH17 5RD.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's articles, the Companies Act 2006 and the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" issued in October 2019. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

Despite the disruption caused by coronavirus, and the national lockdown, at the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

##### **1.4 Incoming resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

School fees are recognised over the academic year to which the fees apply, on a term by term basis.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Additions of individual items in excess of £1,000 including irrecoverable VAT are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% per annum
Plant and equipment	20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

##### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

##### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

##### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Also included is a 2 year bond.

##### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.



# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

---

#### **1 Accounting policies**

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

Retirement benefits to employees of the school are provided by the Teachers' Pension Scheme ('TPS') and a further defined contribution scheme for non teaching staff. The teachers' pension scheme is a defined benefit scheme and the assets of both are held separately from those of the school.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The school also operates a defined contribution scheme in respect of the care and administration staff, which is an auto-enrolment scheme. The contributions are met from the employers and employees contributions and the assets are held externally to the company.

The school also has an unfunded defined benefit constructive obligation to provide benefit arrangements for two former members of staff whereby the school has committed to make pension payments and make healthcare provision in the future.

#### **1.12 Taxation**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

The school also provides education services which are classified as exempt for VAT purposes, so the charity cannot register for VAT. All costs are shown gross, as VAT incurred is irrecoverable.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Restricted funds
	2020 £	2020 £	2020 £	2019 £
Donations and gifts	-	33,984	33,984	23,164
Grants	5,819	-	5,819	-
	<u>5,819</u>	<u>33,984</u>	<u>39,803</u>	<u>23,164</u>

### 4 Charitable activities

	2020 £	2019 £
School fees within charitable activities	3,237,363	3,275,209
Pupil Premium	13,238	11,812
	<u>3,250,601</u>	<u>3,287,021</u>
Analysis by fund		
Unrestricted funds	3,237,363	
Restricted funds	13,238	
	<u>3,250,601</u>	
For the year ended 31 August 2019		
Unrestricted funds		3,275,209
Restricted funds		11,812
		<u>3,287,021</u>



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 5 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Rental income	18,351	14,135
Interest receivable	11,337	17,624
	<u>29,688</u>	<u>31,759</u>

### 6 Other income

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Net gain on disposal of tangible fixed assets	160	300
Miscellaneous income	211	-
	<u>371</u>	<u>300</u>

### 7 Raising funds

	2020	2019
	£	£
Investment property costs	2,746	9,343
	<u>2,746</u>	<u>9,343</u>

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 8 Charitable activities

	2020 £	2019 £
Establishment	528,556	480,010
School expenses	<u>2,577,707</u>	<u>2,355,166</u>
	3,106,263	2,835,176
Share of support costs (see note 9)	406,487	350,449
Share of governance costs (see note 9)	<u>18,330</u>	<u>26,596</u>
	<u>3,531,080</u>	<u>3,212,221</u>
<b>Analysis by fund</b>		
Unrestricted funds	3,481,488	
Restricted funds	<u>49,592</u>	
	<u>3,531,080</u>	
<b>For the year ended 31 August 2019</b>		
Unrestricted funds		3,188,868
Restricted funds		<u>23,353</u>
		<u>3,212,221</u>



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 9 Support costs

	Support costs	Governance costs	2020	2019
	£	£	£	£
Depreciation	65,662	-	65,662	58,572
Salaries	179,983	-	179,983	173,151
Staff training	343	2,130	2,473	4,247
Sundry	3,755	-	3,755	8,901
Telephone	16,837	-	16,837	16,363
Office costs	8,357	-	8,357	9,793
Motor expenses	22,550	-	22,550	24,935
Computer expenses	34,902	-	34,902	35,120
Payroll	3,391	-	3,391	3,160
Professional fees	69,776	-	69,776	23,304
Bank charges	931	-	931	899
Audit fees	-	12,000	12,000	13,200
Accountancy	-	4,200	4,200	5,400
	<u>406,487</u>	<u>18,330</u>	<u>424,817</u>	<u>377,045</u>

Auditor's remuneration in relation to audit services was £12,000 (2019 - £13,200).

### 10 Trustees

During the year seven trustees claimed £1,950 (2019: six trustees £4,640) of expenses which relate to training, travel costs and trustee meetings.

During the year £8,228 (2019: £10,844) was paid from the general fund to M Gibrill in respect of their professional services.

During the year £40,200 (2019: £13,600) was paid from the general fund to C Johns in respect of their professional services. In addition the sum of £3,393 (2019: £640) was paid to G Johns, a family member, for maintenance services.

The school has followed the guidance issued by the charity commission on making payments to Trustees for services provided in their professional capacity.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 11 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
School	72	67
Establishment	9	7
Administration	4	4
	<u>85</u>	<u>78</u>

#### Employment costs

	2020 £	2019 £
Wages and salaries	2,101,750	1,946,270
Social security costs	188,825	186,629
Other pension costs	187,008	119,019
Benefits in kind - healthcare	37,195	39,043
Change in present value for pension obligation	4,945	(103,828)
	<u>2,519,723</u>	<u>2,187,133</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,000 - £69,999	<u>2</u>	<u>1</u>

The key management personnel of the charity comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £243,552 (2019, £167,523).



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 12 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and Motor vehicles fittings		Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2019	3,931,723	276,218	330,357	49,179	4,587,477
Additions	-	7,416	43,634	-	51,050
Disposals	-	(5,352)	(2,000)	-	(7,352)
At 31 August 2020	3,931,723	278,282	371,991	49,179	4,631,175
<b>Depreciation and impairment</b>					
At 1 September 2019	2,137,089	261,836	292,048	45,256	2,736,229
Depreciation charged in the year	39,798	7,318	16,584	1,962	65,662
Eliminated in respect of disposals	-	(5,352)	(2,000)	-	(7,352)
At 31 August 2020	2,176,887	263,802	306,632	47,218	2,794,539
<b>Carrying amount</b>					
At 31 August 2020	1,754,836	14,480	65,359	1,961	1,836,636
At 31 August 2019	1,794,634	14,382	38,309	3,923	1,851,248

### 13 Investment property

	2020 £
<b>Fair value</b>	
At 1 September 2019 and 31 August 2020	657,282

The investment property was bought on the open market in 2015, and the trustees consider that the purchase and additional costs incurred in preparing for rental represent the fair value of the property. The property has not been independently valued at 31 August 2020. The trustees believe that the value remains and has not materially changed.

	2020 £	2019 £
Freehold	657,282	657,282

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 14 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
School fees receivable	1,027,198	855,343
Prepayments and accrued income	43,425	50,525
	<u>1,070,623</u>	<u>905,868</u>

#### 15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	18,429	63,828
Payments received on account for future terms (see note 17)	1,027,196	1,093,554
Education/Care supplies payable	62,257	97,591
Other creditors (see note 23)	12,952	11,351
Accruals	28,935	15,743
	<u>1,149,769</u>	<u>1,282,067</u>

#### 16 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Future liabilities in respect of former staff obligations (see note 23)	197,591	204,948
	<u>197,591</u>	<u>204,948</u>

#### 17 Fees in advance

Fees in advance relate to the school fees invoiced in respect of the Autumn term, but which are due only on the start of the next academic year from 1 September, and represent income for the following autumn term:

	2020	2019
Fees in advance at 1/09/2019	1,093,554	997,165
Recognised as income in 2019-20 year	(1,093,554)	(997,165)
Fees invoiced prior to 31 August 2020, and carried forward to 2020-21	<u>1,027,196</u>	<u>1,093,554</u>
Fees in advance at 31 August 2020	<u>1,027,196</u>	<u>1,093,554</u>



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				
	Balance at 1 September 2019	Incoming resources	Resources expended	Transfers	Balance at 31 August 2020
	£	£	£	£	£
Pupil Premium	19,503	13,238	(12,905)	-	19,836
Vocational building & equipment	6,574	5,499	(7,106)	-	4,967
IT	5,319	15,268	(16,692)	(3,895)	-
Education and childcare	1,684	8,111	(4,082)	(5,142)	571
Equipment donations	2,156	2,606	(4,762)	-	-
Fair Fax	4,045	2,500	(4,045)	(2,392)	108
	<u>39,281</u>	<u>47,222</u>	<u>(49,592)</u>	<u>(11,429)</u>	<u>25,482</u>

Restricted funds are provided from Local Authorities in relation to pupil premium to enhance the experience of pupils, together with donations for equipment to support students learning and living expenses. The majority of equipment funds carried forward is in respect of sensory room.

#### Restricted funds comparative

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				
	Balance at 1 September 2018	Incoming resources	Resources expended	Transfers	Balance at 31 August 2019
	£	£	£	£	£
Pupil Premium	17,147	11,812	(9,456)	-	19,503
Vocational building & equipment	11,404	13,042	(602)	(17,270)	6,574
IT	7,150	-	(1,831)	-	5,319
Education and childcare	835	6,122	(5,273)	-	1,684
Equipment donations	3,724	-	(1,568)	-	2,156
Fair Fax	4,668	4,000	(4,623)	-	4,045
	<u>44,928</u>	<u>34,976</u>	<u>(23,353)</u>	<u>(17,270)</u>	<u>39,281</u>

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 19 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 August 2020 were represented by:			
Tangible assets	1,826,317	10,319	1,836,636
Investment properties	657,282	-	657,282
Current assets/(liabilities)	2,428,703	15,163	2,439,360
Long term liabilities	(197,591)	-	(197,591)
	<u>4,714,711</u>	<u>25,482</u>	<u>4,735,687</u>

#### Analysis of net assets between funds comparative

	Unrestricted £	Restricted £	Total £
Fund balances at 31 August 2019 were represented by:			
Tangible assets	1,851,248	-	1,851,248
Investment properties	657,282	-	657,282
Current assets/(liabilities)	2,606,187	39,281	2,645,468
Long term liabilities	(204,948)	-	(204,948)
	<u>4,909,769</u>	<u>39,281</u>	<u>4,949,050</u>

#### 20 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	5,984	6,581
Between two and five years	11,956	19,594
	<u>17,940</u>	<u>26,175</u>



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21	Cash generated from operations	2020 £	2019 £
	(Deficit)/surplus for the year	(213,363)	120,680
	Adjustments for:		
	Investment income recognised in statement of financial activities	(29,688)	(31,759)
	Gain on disposal of tangible fixed assets	(160)	(300)
	Depreciation and impairment of tangible fixed assets	65,662	58,572
	Movements in working capital:		
	(Increase) in debtors	(164,755)	(297,282)
	(Decrease) in creditors	(139,655)	(28,862)
	<b>Cash absorbed by operations</b>	<b>(481,959)</b>	<b>(178,951)</b>

## 22 Analysis of changes in net funds

The charity had no debt during the year.

## 23 Pension

### Pension arrangements

The school participates in the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff. The TPS is a defined-benefit scheme. The pension costs are assessed in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the TPS related to the period ended 31 March 2015. The pension cost charge for the year ended 31 August 2020 was £140,437, (2019: £88,456). Contributions amounting to £nil (2019: £nil) were payable to the scheme at the year end.

The school also operated a defined contribution scheme from July 2014, to meet the requirements of auto enrolment. The assets of this scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year ended 31 August 2020 was £46,571 (2019: £30,563). An amount of £nil (2019: £nil) was due to this scheme at the year end.

The school has an unfunded constructive obligation to provide a defined benefit arrangement for two former members of staff whereby the school has committed to provide benefits. The provision is recognised using discounted cash flow methods, to provide a present value for the future benefits payable by the company.

The key financial estimates and assumptions are that the benefits will continue until the former employees reach the age of 89, increase at 2.75% per annum, and are discounted at 2.7% per annum.

The total obligation at the year end was £209,228 (2019: £216,172), £11,637 is due within one year and the balance of £197,591 in more than one year.

### Teachers' Pension Scheme

#### Introduction

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 24 PENSIONS (continued)

##### Valuation of the Teachers' Pension Scheme

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

##### Pension and similar obligations

The key elements of the latest valuation and subsequent consultation are:

- an increase in employer rates from 16.48% to 23.68% of pensionable pay (including a 0.08% employer administration charge)
- the rise in contribution delayed from 1 April to September 2019
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,000 million giving a notional past service deficit of £22,100 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- there will be funding from the DFE for the financial year 2019/20 to help maintained schools and academies meet the additional costs resulting from the scheme valuation. Funding for 20/21 onwards will be discussed as part of the next Spending Review round.

The TPS valuation for 2016 determined an employer rate of 23.6%, which is payable from September 2019. The next valuation of the TPS will be at March 2020 and will be based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

The pension costs paid to the TPS in the period amounted to £197,667 (2019: £140,166)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.